**MR2300 Unit 4: (Chapter 6) Secondary Data Research**

**Learning Objectives:**

By the end of this unit, you should be able to:

1. Explain the meaning and use of secondary data
2. Explain the pros and cons of using secondary data.
3. Use traditional sources of secondary market data
4. Explain how to evaluate secondary information
5. Describe how databases are accessed

**Learning Materials:**

Read: Chapter 6 Essentials of Marketing Research, 2nd or 3rd edition William G. Zikmund, Thompson.

**Overview of this Unit**

Secondary data collection typically involves using previously collected data to predict future outcomes for a particular event or phenomenon. In this unit we will investigate the use of secondary data in the marketing research process. The collection of secondary data seems like a natural starting point in any form of research activity and because it already exists there are significant advantages to using it. However, the researcher has to be mindful of its disadvantages. This unit will help you understand the use of secondary data in research and allow you to effectively evaluate its usefulness.

**Learning Activities for Unit 4**

This unit will require you to complete the following:

* Read the Learning Objectives for this Unit: These learning objectives direct you to the key material in this unit. When reading the assigned chapters, consider the learning objectives and focus your study on developing a strong understanding of these objectives. Further - the questions on the tests will reflect the Learning Objectives.
* Read Chapter 6 - Secondary Data Research.
* Look at/review the internet links in Links to Major Sources of Secondary Data.

**Secondary Data Research**

Secondary data is gathered and recorded prior to (and for purposes other than) the current needs of the researcher. Secondary data is usually historical in nature, has already been assembled, and will not require access to respondents or subjects.

**Major sources of secondary data include:**

* Publications
* Libraries
* Internet websites
* Past studies that are either internal or external to the organization

**Key Advantages of Secondary Data**

There are several key advantages that make Secondary data so desirable in research:

Secondary data may be available which is entirely appropriate and wholly adequate to draw conclusions and answer the question or solve the problem. Sometimes primary data collection simply is not necessary.

It is far cheaper to collect secondary data than to obtain primary data. For the same level of research budget a thorough examination of secondary sources can yield a great deal more information than can be had through a primary data collection exercise.

The time involved in searching secondary sources is much less than that needed to complete primary data collection.

Secondary sources of information can yield more accurate data than that obtained through primary research. This is not always true but where a government or international agency has undertaken a large scale survey, or even a census, this is likely to yield far more accurate results than custom designed and executed surveys when these are based on relatively small sample sizes.

It should not be forgotten that secondary data can play a substantial role in the exploratory phase of the research when the task at hand is to define the research problem and to generate hypotheses. The assembly and analysis of secondary data almost invariably improves the researcher's understanding of the marketing problem, the various lines of inquiry that could or should be followed and the alternative courses of action which might be pursued.

Secondary sources help define the population. Secondary data can be extremely useful both in defining the population and in structuring the sample to be taken. For instance, government statistics on a country's agriculture will help decide how to stratify a sample and, once sample estimates have been calculated, these can be used to project those estimates to the population.

In some instances it is impossible to collect data using a primary research design. For example duplicating Canada Revenue Service data would be virtually impossible!

**Major Disadvantages of Secondary Data**

Despite the advantages and relative ease of Secondary data collection there are some challenges that researchers must be aware of before using it: Secondary data may not always be available: privacy laws, timeliness and uniqueness of the problem may limit access to secondary data.

Potentially Outdated information: Secondary data must be timely in order to predict the future. (Statistics Canada demographic information may be up to 5 years old depending on latest census information.)

Variation in definition of terms: Researchers frequently encounter secondary data that reports on a population of interest that is similar to but not directly comparable to the population of interest to the researcher. Or a variable of interest may be defined differently by the initial researchers.

Differing units of measurement: Differing units of measurement may cause problems if they are not identical to the researcher’s needs; often the primary study may dictate that the data be summarized, rounded, or reported in such a way that it is not useful to the secondary research needs. In this case data conversion may be necessary.

Data conversion is the process of changing the original form of the data to a format suitable to achieve the research objective. (The need to convert Imperial to Metric units is a typical problem encountered by researchers.)

Questionable credibility of the source is another shortcoming of secondary data is that it may be inaccurate or even biased to support the vested interest of the source. The reputation of the organization gathering the data should be considered and the research design should be critically assessed. One simple way to help ensure the credibility of the data is to cross-check by referencing several independent sources.

**Evaluating Secondary Data**

We have seen that there are numerous advantages as well as numerous disadvantages to usuing secondary data. With so much conflicting data it is important to be able to weigh the benefits and the costs of using secondary data. By using this simple evaluation process, it will help you make the most out of secondary data.

**Key Objectives of Secondary Data Research Designs**

There are three general categories of research objectives:

* Fact finding – Identifying consumption patterns and trend tracking. Fact finding is the simplest form of secondary data research. A typical secondary research objective for a study might be to uncover all available information about consumption patterns for a particular product category or to identify demographic trends that affect an industry.
* Model building - involves specifying relationships between two or more variables. As a general objective for secondary research, is more complicated than simple fact finding. Two common models used in marketing research, the Buying Power Index and the Index of Retail Saturation, are illustrated below:

**Market Potential Model: Buying Power Index**

Using the buying power index (BPI), a manufacturer would look up a particular metropolitan area, province, or region to find out what percent of the nation's disposable income is in this market, along with the percent of the nation's retail sales and the percent of the nation's population. The buying power index for that particular area would then be calculated by multiplying each factor by a weighted value from a prescribed formula and then adding all three factors together. The result will tell the manufacturer the percentage of total national buying power in that particular area.

BPI = (0.2 x percent of national population in area) + (0.5 x percent of national personal income in an area) + (0.3 x percent of national retail sales in an area)

**Trade Area Analysis Model: Index of Retail Saturation**

Model building can involve the development of descriptive or predictive mathematical equations such as the index of retail saturation. Calculation of an index of retail saturation is one way to investigate retail sites. It is easy to calculate once the appropriate secondary data is obtained. It describes the relationship between retail demand and retail supply:

Index of Retail Saturation =

Local Market Potential ($sales) / Local Market Retailing Space (square meters)

Decision-makers using simple models, ones that everyone can readily understand, often find these models superior to complex models that are difficult to comprehend.

**Data mining** - refers to the use of powerful computers, to dig through volumes of data to discover patterns about an organization's customers and products. It is a broad term that applies to many different form of analysis. Many retails use Data Mining to monitor consumer purchases and to predict consumption patterns. Consumer cards such as “Air Miles” allow a retailer to track all the purchases of a given consumer, learn about the consumer’s preferences and buying habits. The collection of this information, known as Database Marketing, can then be used by the retailer, or other retailers to direct market to the consumer.

**Sources of Secondary Data**

Secondary data can be classified as either coming internally from the organization or coming external from outside the organization.

**Internal Data Sources**

Data that are considered internal to the organization should be those that originated in the organization. Most organizations routinely gather, record and store internal data for solving future problems. For example, accounting departments continually gather data. Aggregating or desegregating internal data is a frequent form of internal research. By exhausting all sources within the company, researchers can avoid duplicating another department’s data collection and research efforts.

**External Data Sources**

Data that are external to the organization refers to data created, recorded, or generated by another entity. The government, newspapers and journals, trade associations, and other organizations create/produce information. Traditionally this information has been in published form, perhaps available at the public library, from a trade association, or from a governmental agency. Today, however, the Internet and other computerized data archives and electronic data interchanges make external data as accessible as internal data once were.

**Common external sources of data include:**

* books and periodicals/Libraries: books, professional journals, and commercial business periodicals can be especially valuable sources of data.
* government sources: government agencies produce a prolific amount of data. Federal government data (e.g. Statistics Canada) can be counted on for accuracy and quality of investigation. Federal, Provincial and Municipal governments each maintain significant databases. (www.canada.gc.ca, www.communityaccounts.ca, www.clarenville.net )
* media sources: information on a broad range of subjects is available from broadcast and print media. The media like to show that their vehicles for advertising are viewed or heard by the advertising target market. Such information is generally free of charge and can be useful. However, it should be given careful evaluation as it often covers limited aspects of a topic. (www.cbc.ca, www.theweathernetwork.ca)
* Vendor/Producer/trade association sources: Vendors or Producers are very important sources of information. Trade Associations, such as the Retail Council of Canada (www.retailcouncil.org) serve the information needs of a particular industry. Industry data on market size and market trends is likely to be available from most trade associations. (www.cma.ca)
* commercial sources: numerous firms specialize in selling information. These firms provide diverse types of data, examples of which follow: (www.bbm.ca)
* market share data companies like the Bureau of Broadcast Measurement or A.C. Nielsen provide information about sales volume and brand share over time.
* demographic and census updates— Many organizations such as the Newfoundland and Labrador based Community Accounts supply demographic data, social status information, census updates, in easy-to-use or custom formats.
* attitude and public opinion research—Specialized syndicated services report the findings of attitude research and opinion polls.
* consumption and purchase behavior data—Many commercial services offer such data. Single source data such as market tracking through optical character scanners provides a wealth of accurate and rapid product and brand sales information collectively known as scanner data. Scanner data is also called single-source data because sales, price, advertising, retail display, and sales data for a given time period is merged and may be obtained from a single source
* advertising research—Readership and audience data are provided by a number of firms.

**Sources for Global Research**

As business has become more global so has the secondary data industry. Secondary data compiled outside Canada and the United States have the same limitations as secondary data available in the North America. However, international researchers should be watchful for certain pitfalls that frequently are associated with foreign data and cross-cultural research.

First, there may be the simple problem that data is not available in certain countries.

Second, the accuracy of some data may be called into question. This is especially likely when official statistics are adjusted for the political purposes of foreign governments.

Finally, while standardized terms for economic data may be used, various countries use different definitions and accounting/recording practices for many economic concepts.

**Links to Major Sources of Secondary Data**

In this unit we have discussed sources of secondary data in great detail. Now it is time for you to do some research of secondary sources! Please review the following popular sources of secondary research. Can you find other sources?

MR2300 Business Research - Unit 4.  Secondary Data Research -    Flashcards

|  |
| --- |
| **Unit 4 Flashcards** (Click the Link) |

|  |
| --- |
| **Chapter 6** |
|  |
| |  | | --- | | [Flashcards](http://www.wadsworth.com/cgi-wadsworth/course_products_wp.pl?fid=M41&product_isbn_issn=0324320876&&altname=Glossary&&resource_id=6&chapter_number=6) | |  | |